

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



Application of PacifiCorp d/b/a Pacific Power (U 901 E) for Approval of Sale of Washington-Based Assets and Establishment of a Washington Asset Transfer Memorandum Account.

Application No. 26-04-_____
(Filed April 7, 2026)

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**APPLICATION OF PACIFICORP D/B/A PACIFIC POWER (U 901 E) FOR APPROVAL
OF SALE OF WASHINGTON-BASED ASSETS AND ESTABLISHMENT OF A
WASHINGTON ASSET TRANSFER MEMORANDUM ACCOUNT**

[PUBLIC VERSION]

REQUEST FOR EXPEDITED SCHEDULE

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Dated: April 7, 2026

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OF THE STATE OF CALIFORNIA**

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OF SALE OF WASHINGTON-BASED ASSETS AND ESTABLISHMENT OF A
WASHINGTON ASSET TRANSFER MEMORANDUM ACCOUNT**

In accordance with Article 2 and Rule 3.6 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure and Public Utilities Code Section 851 (Section 851), PacificCorp d/b/a Pacific Power (PacifiCorp or the company) respectfully requests approval from the Commission for PacifiCorp’s sale of select Washington-based generation and transmission assets to Gem Sub LLC (Gem), a Washington operating affiliate of Portland General Electric Company (Portland General), who will also purchase PacifiCorp’s service area and certain Washington-based distribution assets. Gem will be owned jointly by Portland General and minority partner, Manulife Infrastructure Fund III, L.P. and its affiliates including John Hancock Life Insurance Company (USA). Altogether, the sale of these Washington-based assets and the Washington service area comprise the “Service Area Transfer.” Once the Service Area Transfer receives all necessary regulatory approvals and is completed, the assets, as well as PacifiCorp’s obligation to serve Washington customers, will transfer to Gem, which will begin providing service as a public service company in the state of Washington. The sale of the Washington-based generation and transmission assets included in the Service Area Transfer is not adverse to the public interest, and PacifiCorp requests that the Commission

approve this application in its entirety under an expedited schedule.¹ In accordance with Rule 2.9, this application includes a “Request for Expedited Schedule,” provided as Attachment A.

PacifiCorp also requests that the Commission approve the establishment of a Washington Asset Transfer Memorandum Account in which to record a regulatory liability equal to the California-allocated value of the goodwill received by PacifiCorp as part of the Service Area Transfer and to allow that value to be shared with California customers through a credit to be implemented over a three year period of time. PacifiCorp intends to implement these credits in a subsequent proceeding.

This application is made in accordance with Section 851 and Articles 2, 3, and 7 of the Commission’s Rules of Practice and Procedure.

I. BACKGROUND

The Service Area Transfer includes three generation assets located in Washington state: the 477 megawatt (MW) Chehalis combined cycle gas turbine power plant located in Lewis County, the 94 MW Goodnoe Hills Wind Farm located in Klickitat County, and the 234 MW Marengo I and II Wind Farms located in Columbia County. It also includes certain Washington-based transmission assets, specifically 393 miles of transmission lines, 10 substations (two of which will be jointly owned), and approximately 6,220 structures.

Through the Service Area Transfer, PacifiCorp proposes selling its entire Washington service area to Gem, with approximately 137,000 customers located in Yakima, Walla Walla, Columbia, Garfield, and Benton counties, and its Washington-based distribution assets for the service area, specifically around 4,100 miles of distribution lines, 34 substations, and

¹ PacifiCorp respectfully requests that the Commission issue an order in accordance with Section 851 approving PacifiCorp’s sale of certain Washington-based generation and transmission assets to Gem as part of the Service Area Transfer on or before September 30, 2026.

approximately 100,480 poles. The service area covers approximately 2,730 square miles and includes approximately 35 communities. The customer mix is approximately 84 percent residential and 16 percent commercial and industrial.

The assets the company is proposing to sell comprise a relatively small portion of its total operating facilities. The company will sell approximately 4,100 miles of its approximately 66,900 miles of distribution lines system-wide and 393 miles of its approximately 17,700 miles of transmission lines system-wide. Further, the Goodnoe Hills Wind Farm, the Marengo I and II Wind Farms, and the Chehalis combined cycle gas turbine power plant altogether comprise 805 MW of the company's approximately 15,452 MW of owned and contracted generation capacity system-wide. The testimony accompanying this application demonstrates that the transfer of the duty to serve the Washington service area and the sale of certain Washington-based assets improves the company's overall system load and resource balance and mitigates future resource adequacy challenges. Specifically, the Service Area Transfer will increase the company's system-wide capacity by [Begin Confidential] [REDACTED]

[End Confidential]

The primary transaction document is the Asset Purchase and Service Area Transfer Agreement (the Agreement). The Agreement is attached as Highly Confidential Appendix A to this application. The exhibits to the Agreement contain term sheets and plans addressing energy and capacity and electric transmission rights. A notable exhibit to the Agreement is the Form of Transition Services Agreement, which will cover a schedule of services to be provided over an agreed-upon transition period to ensure the continuity of the operation of the assets and service

to Washington customers. PacifiCorp, Portland General, and Gem executed the Agreement on February 15, 2026.

The base purchase price for the Service Area Transfer at the time of signing, subject to relevant adjustment, is \$1.9 billion. In addition to the base purchase price, Gem will pay additional cash consideration for the accounts receivable and regulatory assets (net of deposits) set forth in Schedule 1.1-RA to the Agreement at closing, although Gem will only purchase the accounts receivable set forth in Schedule 1.1-RA to the extent that the value of such accounts receivable exceeds the amount of accounts receivable and accounts payable assumed to be in the normalized net working capital. Together, the base purchase price and such additional cash consideration constitute the purchase price. Following the closing, a post-closing determination of the actual net working capital and actual value of the specified assets set forth in Schedule 1.1-RA to the Agreement will transpire.

The net book value of all assets to be sold is approximately \$1.36 billion with the goodwill value of the business, net of taxes and other transaction costs, accounting for the balance of the purchase price. The purchase price for the Service Area Transfer includes approximately \$504 million in goodwill value, before closing costs. The goodwill value is the amount received in excess of the fair market value of the assets sold in this transaction. The company proposes to assign customers 68 percent of the California-allocated portion of this goodwill, yielding a \$1.6 million credit. Because the company anticipates the transition period to last approximately three years, the company proposes amortizing this rate credit over three years, providing approximately \$0.53 million annually. As set forth in the company's supporting testimony, this proposal to assign 68 percent of goodwill to customers and 32 percent to the company is supported by the benefits the Service Area Transfer brings to the company's

customers, and better positions the company to meet the financial challenges associated with the rapidly changing utility landscape. In addition, the generation assets included in the transfer are approximately 37 percent depreciated; the company's proposal to assign 68 percent of the goodwill value to customers is roughly twice the current depreciation levels in these assets.

The company proposes selling certain Washington-based assets as a part of the Service Area Transfer for two overarching reasons: to manage risk and to improve its financial position. First, the Service Area Transfer will help the company manage risks associated with operating an expansive, multi-state system. The company provides retail electric service to over two million customers across six states: California, Oregon, Washington, Utah, Wyoming, and Idaho. Operating in and planning for six states can prove challenging, especially with states' continued implementation of discrete energy policies. As an example, the company's non-Washington states, with the exception of California,² have been unwilling to pay the costs of the Chehalis plant's compliance with Washington's Climate Commitment Act (CCA), costing the company approximately \$45 million annually. The company has sought to solve this problem through a new multi-state cost allocation protocol. While the Washington Utilities and Transportation Commission (Washington Commission) recently approved the Washington version of this protocol,³ the uniform adoption of a new multi-state cost allocation protocol in the company's other states is uncertain. Sale of the Washington service area resolves this CCA issue, scales down the company's overall system load by eight percent, and helps address other multi-state

² The Commission has not determined whether Climate Commitment Act costs are recoverable in California rates and has indicated that it will consider in a future Energy Cost Adjustment Clause proceeding whether PacifiCorp may include in rates the California-allocated Climate Commitment Act compliance costs. *In the Matter of the Application of PacifiCorp (U901E) for Approval of its 2024 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue*, A. 23-09-008, D. 25-08-013 at 11 (Aug. 15, 2025).

³ *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power & Light Co.*, Washington Commission Docket UE-250224, Order 08 at ¶ 18 (Dec. 22, 2025).

cost allocation challenges, allowing the company to streamline planning, financing, and operations of its multi-state system.

Second, the Service Area Transfer will help the company meet the financial challenges associated with the rapidly changing utility landscape. This is especially crucial now given that the company is under significant financial pressure as a result of wildfire litigation and adverse regulatory outcomes. PacifiCorp was recently downgraded by S&P to the lowest credit rating level that is still considered investment grade, and both S&P and Moody's have placed PacifiCorp on Negative Outlook. As a result of these downgraded ratings, the company's cost of debt has increased and its access to capital has decreased, both of which impede PacifiCorp's ability to operate its system. The Service Area Transfer supports stabilization of the company's financial position and builds investor confidence by resolving the shortfall related to recovery of CCA compliance costs from Chehalis, while relieving the company's financial obligation to make capital investments necessary for reliability and compliance with the Clean Energy Transformation Act (CETA) in Washington.

The closing of the Service Area Transfer is subject to regulatory approvals, including the Commission's approval of the asset sale in this proceeding. PacifiCorp, Gem, and Portland General are seeking all other approvals necessary to complete the Service Area Transfer. Portland General is seeking regulatory approval from the Public Utility Commission of Oregon (Oregon Commission) for the purchase of assets. PacifiCorp, Portland General, and Gem are jointly seeking regulatory approval from the Washington Commission for the purchase and sale of assets. Additionally, the company, Portland General, and Gem are seeking approval from the Federal Energy Regulatory Commission. PacifiCorp is also seeking regulatory approval for the sale of assets from Oregon Commission, the Idaho Public Utilities Commission, the Public

Service Commission of Utah, and the Wyoming Public Service Commission. The waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for this transaction has expired and PacifiCorp and Portland General have provided the required notice pursuant to the Washington Uniform Antitrust Premerger Notification Act.

II. LEGAL STANDARD

The proposed purchase and sale of certain Washington-based PacifiCorp assets and PacifiCorp’s Washington service area does not involve a direct or indirect acquisition or change in control of PacifiCorp, an electric corporation serving customers in California, or its parent or holding companies.⁴ Therefore, California’s utility property transfer laws and regulations apply here, not the state’s utility change of control laws and regulations.⁵

Under Section 851, a public utility must receive authorization from the Commission before selling any property necessary or useful in the performance of its duties to the public if such property is valued above \$5 million.⁶ In determining the value of the property, the Commission considers the value of the California-allocated portion of the property rather than

⁴ Similarly, approval under Cal. Pub. Util. Code § 852 likely is not required because neither Portland General nor Gem acquire any capital stock of PacifiCorp. Moreover, to the extent that Cal. Pub. Util. Code § 852 may apply to the transfers included in the Service Area Transfer, Portland General is exempt because Portland General has no business subject to the Commission’s regulation. Cal. Pub. Util. Code § 853(a).

⁵ Cal. Pub. Util. Code § 854(a); Cal Pub Util Code § 854.2(b)(1)(B) (defining “change in control” to include “A material change in ownership of the electric corporation or gas corporation, its parent company, or its holding company”). Cal. Pub. Util. Code § 854.2(b)(1)(D) also defines “change in control” to mean the “sale of all or a material portion of the assets of the electrical corporation or gas corporation, its parent company, or its holding company[.]” However, the Commission has declined to apply Cal. Pub. Util. Code § 854 in cases where the sale of assets “would not result in another entity merging, acquiring, or controlling the existing public utility[.]” *Application of Pacific Gas and Electric Company (U39E) and Pacific Generation LLC for Approval to Transfer Certain Generation Assets, for a Certificate of Public Convenience and Necessity, for Authorization to File Tariffs and to Issue Debt, and for Related Determinations*, A.22-09-018, D.24-05-004 at 12 (May 9, 2024). Neither Portland General nor Gem will acquire or control PacifiCorp as a result of the asset sale or Service Area Transfer.

⁶ Cal. Pub. Util. Code § 851(a).

the value of the entire transaction.⁷ Given that the California-allocated portions of the generation and transmission assets are approximately \$6.9 million and \$2.6 million, respectively, altogether comprising over \$5 million, PacifiCorp is required to obtain Commission approval pursuant to Section 851. Therefore, PacifiCorp requests the Commission issue an order authorizing its sale of certain Washington-based generation and transmission assets included in the Service Area Transfer to serve the Washington service area.

Moreover, for approval of the sale of utility property under Section 851, a public utility typically must demonstrate that the proposed transfer will not be “adverse to the public interest.”⁸ In a recent proceeding in which Pacific Gas & Electric (PG&E) proposed transferring most of its generation assets to a new company, the Commission applied a “heightened” standard requiring a demonstration of the “tangible benefits” of the proposed transaction because PG&E’s proposal was “novel and unprecedented” and “potentially impacted rates and the Commission’s jurisdiction.”⁹ While the sale of the Washington-based generation and transmission assets included in the Service Area Transfer likely does not require application of this heightened standard, the testimony accompanying this application demonstrates that the underlying Service Area Transfer, which includes the asset sale, provides tangible benefits to customers.

⁷ See *In the Matter of the Application of PacifiCorp (U-901E) for Authority to Establish the North Temple Property Memorandum Account*, A.24-05-013, D.26-02-007 at 2-3 (Feb. 11, 2026) (discussing advice letter filing for sale of North Temple Property where the California-allocated portion of the sold property is valued at less than \$5 million).

⁸ See *Application of Pacific Gas and Electric Company (U39G) for Commission Approval Under Public Utilities Code Section 851 to Sell the Gas Local Transmission Line 306 to Southern California Gas Company (U902G)*, A.19-04-003, D.20-03-018 at 7 (Mar. 27, 2020) (explaining that the Commission has “held that the relevant Section 851 inquiry is whether the proposed transaction is ‘adverse to the public interest’”); *Application of Southern California Edison Company (U338E), a California Corporation for an Order Authorizing the Sale and Conveyance of Certain Electric Streetlight Facilities Pursuant to Public Utilities Code Section 851*, A.19-10-007, D.20-08-038 at 3 (Aug. 31, 2020) (holding that “Pub. Util. Code § 851 requires the Commission to review the proposed transaction, before it takes place, in order to assure that it is in the public interest, or at the very least, not adverse to the public interest”).

⁹ D.24-05-004 at 9.

III. THE ASSET SALE IS NOT ADVERSE TO THE PUBLIC INTEREST

The Commission should authorize the sale of the Washington-based generation and transmission assets because it is not adverse to the public interest given that the underlying Service Area Transfer will provide benefits to the company's remaining customers, including those in California.

First, the Service Area Transfer will not increase rates for the company's California customers. The testimony of PacifiCorp witness Rick T. Link¹⁰ accompanying this application demonstrates that the net effect of the transfer of the duty to serve customers in the Washington service area to Gem and the sale of certain Washington-based assets is no change or a net benefit. PacifiCorp will fund a rate credit of \$1.6 million, approximately \$0.53 million annually for three years. The rate credit, along with other quantifiable benefits, completely offsets the incremental costs of the transaction. Even after the rate credit expires, other benefits continue to fully offset transaction costs.

As discussed above in Section I, the purchase price for the Service Area Transfer includes approximately \$504 million in goodwill value, before closing costs. The company proposes to assign customers 68 percent of the California allocation of this goodwill value. As set forth in the company's supporting testimony, this assignment is supported by the benefits the Service Area Transfer brings to PacifiCorp's customers, and better positions the company to meet the financial challenges associated with the rapidly changing utility landscape—including the need for new resource and wildfire-related investments. Moreover, the assigning to

¹⁰ Exhibit PAC/200-C.

customers 68 percent of the goodwill value is roughly twice the current depreciation levels in the assets being sold.¹¹

Second, the testimony accompanying this application demonstrates that the sale of certain Washington-based assets and the transfer of the duty to serve the Washington service area improves the company's overall system load and resource balance and mitigates future resource adequacy challenges. Specifically, the Service Area Transfer will increase the company's system-wide capacity by [Begin Confidential] [REDACTED]

[End Confidential].

Third, the Service Area Transfer helps rather than harms PacifiCorp's ability to meet California's climate goals, such as those set forth in Senate Bill (SB) 350. As discussed above, the transaction strengthens PacifiCorp's financial position and enables necessary resource investments. While it is true that the sale of the Goodnoe Hills and Marengo I and II Wind Farms impacts PacifiCorp's SB 350 renewables portfolio standard compliance position by removing two resources from PacifiCorp's portfolio, this will be offset by an increased allocation of other renewable resources on the company's system. Additionally, the Service Area Transfer reduces competition between California and Washington for non-emitting resources by removing Washington from PacifiCorp's overall system. In other words, PacifiCorp need not plan for or comply with Washington's climate policies, such as the CCA and CETA, and can allot a larger

¹¹ The Commission has adopted rules specifying that the gain on sale of non-depreciable assets, such as the company's goodwill, is assigned 67 percent to customers and 33 percent to shareholders. *Order Instituting Rulemaking on the Commission's Own Motion for the Purpose of Considering Policies and Guidelines regarding the Allocation of Gains from Sales of Energy, Telecommunications, and Water Utility Assets*, R.04-09-003, D.06-12-043 at 9 (Dec. 18, 2006). The company's proposal to assign customers 68 percent of the goodwill value is slightly more favorable to customers than the assignments in the Commission's rules.

portion of its renewable resources to meeting California's climate policies. This overall removal of Washington and the need to comply with its stringent climate policies outweighs the impact of the removal of the two wind farms from PacifiCorp's portfolio.

Because the proposed Service Area Transfer will provide benefits to California customers and the company, the Commission should conclude that the sale of the Washington-based generation and transmission assets is in the public interest and should approve the asset sale.

IV. REQUEST FOR APPROVAL OF MEMORANDUM ACCOUNT

In accordance with Public Utilities Code Sections 701 and 792, and Rule 2.1 of the Commission's Rules of Practice and Procedure, PacifiCorp also requests approval of a Washington Asset Transfer Memorandum Account that would authorize the recording of a regulatory liability for California-allocated goodwill value from the sale, which PacifiCorp proposes sharing with customers. As discussed above in Section I, PacifiCorp proposes to share the goodwill value with customers by funding an annual rate credit of approximately \$0.53 million. PacifiCorp proposes recording these rate credits by crediting FERC Account 254-Other Regulatory Liabilities. PacifiCorp requests that the goodwill value recorded in this memorandum account be amortized over three years in PacifiCorp's next general rate case.

V. COMPLIANCE WITH THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

PacifiCorp provides the following information in compliance with the Commission's Rules of Practice and Procedure:

A. Applicant and Correspondence (Rules 2.1(a) and (b), and 3.6(a))

PacifiCorp is a public utility organized and existing under the laws of the state of Oregon. PacifiCorp was incorporated on August 11, 1987. PacifiCorp is engaged in the business of furnishing retail utility services in California, Oregon, Idaho, Utah, Washington, and Wyoming.

PacifiCorp's principal place of business is 825 NE Multnomah, Suite 2000, Portland, Oregon, 97232.

Correspondence and service to PacifiCorp for this application should be addressed to:

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Email: mday@downeybrand.com

Data requests should be addressed to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

B. Statutory and Procedural Authority

Rule 2.1 requires that all applications state clearly and concisely the authorization or relief sought, cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought, and be verified by the applicant. The relief being sought is summarized in Sections I through IV and is further described in the testimony and exhibits supporting this application. The statutory and other authority under which this relief is being sought includes Section 851 and Rules 2.1 and 3.6. An officer of PacifiCorp has verified this application as required by Rules 1.11 and 2.1.

C. Categorization, Hearings, and Issues to be Considered (Rule 2.1(c) and Rule 7.1)

1. Proposed Category

PacifiCorp proposes that this application be categorized as a “ratesetting” proceeding. While PacifiCorp is not seeking ratemaking treatment of any aspect of the Service Area Transfer in this application, Rule 7.1(e)(2) provides that when a proceeding does not fit clearly into any of the defined categories, the proceeding will be conducted as ratesetting.

2. Evidentiary Hearing

PacifiCorp does not believe that approval of this application will require hearings. This application, including the appendices and supporting testimony, constitute a sufficient record for the Commission’s approval of the Service Area Transfer. PacifiCorp proposes a procedural schedule in Section V.C.4 below.

3. Issues to be Considered

PacifiCorp proposes the following issue to be considered in this proceeding: whether PacifiCorp’s proposed asset sale as part of the Service Area Transfer should be approved.

In D.16-01-017, the Commission amended Rule 2.1(c) to require utility applications to clearly state the relevant safety considerations. PacifiCorp does not expect there to be implications for safety, as Gem plans to operate PacifiCorp’s specified Washington generation, distribution, and transmission assets consistent with PacifiCorp’s previous operations and in compliance with the requirements of the existing licenses and permits.

4. Proposed Schedule

PacifiCorp proposes the following procedural schedule:

Activity	Date
Application Filed	April 7, 2026
Responses/Protests	30 days after notice is published in the Daily Calendar
Reply to Responses/Protests	10 days from last day to file protest/response
Prehearing Conference	June 1, 2026
Scoping Memo	June 29, 2026
Proposed Decision	August 28, 2026
Commission Decision	September 30, 2026

The above schedule assumes no need for intervenor testimony, evidentiary hearings, and briefing. If any of those steps appear necessary, PacifiCorp would be pleased to present an alternative schedule at the prehearing conference.

D. Organization and Qualification to Transact Business (Rule 2.2)

The Commission acknowledged a certified copy of PacifiCorp’s current Articles of Incorporation in D.97-12-093, which are incorporated by reference under Rule 2.2.

E. Financial Statement (Rule 2.3) and Summary of Earnings (Rule 3.2.(a)(5))

A copy of PacifiCorp’s recent financial statements, contained in the Annual Report on Form 10-K, filed with the Securities and Exchange Commission, for the period ending December 31, 2025, is provided as Appendix B. A copy of PacifiCorp’s summary of earnings for the 12-month period ending December 31, 2024, is included as Appendix C.

F. California Environmental Quality Act (CEQA) Compliance (Rule 2.4)

The asset sale included in the Service Area Transfer is not a project that triggers the application of CEQA. The CEQA Guidelines provide that a “project” is an activity that may cause a direct or reasonably foreseeable indirect physical environmental change.¹² The Commission has recognized that a change in ownership does not cause any direct physical change in the environment unless construction is required as a condition of sale, and that a change in ownership does not cause indirect physical changes to the environment when the assets

¹² Cal. Pub. Res. Code § 21080(a); Cal. Code Regs. tit. 14, § 15378(a).

being sold will be used for same purpose before and after the transfer of ownership.¹³ After the Service Area Transfer, Gem plans to operate PacifiCorp's specified Washington generation, distribution, and transmission assets consistent with PacifiCorp's previous operations and therefore the Service Area Transfer will not result in any direct or reasonably foreseeable indirect physical environmental change. Therefore, the asset sale included in the Service Area Transfer is not a project subject to CEQA review.

G. Description of the Property Involved in the Agreement, Including Book Cost and Original Cost (Rule 3.6(b))

The property involved in the Service Area Transfer is described in Section I above. Through the Service Area Transfer, PacifiCorp will sell its entire Washington service area and certain Washington-based assets, including generation assets (the Chehalis combined cycle gas turbine power plant, the Goodnoe Hills Wind Farm, and the Marengo I and II Wind Farms), transmission assets, and distribution assets.

The net book value of the generation assets is approximately \$691.5 million. The net book value of the transmission assets is approximately \$257.7 million. The net book value of the distribution assets is approximately \$421.6 million. The net book value of the assets was determined using PacifiCorp's accounting records, seen in Appendix A. The original cost of the Chehalis combined cycle gas turbine is \$371 million. The original cost of the wind farm generation assets is \$483 million. The original cost of the transmission assets is \$268 million. The original cost of the distribution assets is \$689 million.

¹³ *Application of Pacific Gas and Electric Company and the City of Santa Rosa, for an Order under Section 851 of the California Public Utilities Code to Sell and Convey a Streetlight System; (U 39 E)*, A.97-08-041, D.98-07-069 at *4-5 (July 23, 1998); *see also* A.15-09-007, D.18-09-008 at 17 (concluding that application of CEQA to mining assets was not required where the assets "are being used for the same purpose and in the same manner as they were used before the sale").

H. Detailed Reasons Upon the Part of Each Applicant for Entering into the Service Area Transfer, and All Facts Warranting the Same (Rule 3.6(c))

As discussed above in Sections I and III, the Service Area Transfer will help PacifiCorp manage risk and improve its financial position. The Service Area Transfer will help the company manage risk by resolving the shortfall relating to recovery of CCA costs, scaling down its overall system load, and helping address other multi-state cost allocation challenges, allowing the company to streamline planning, finance, and operations of its multi-state system. The Service Area Transfer will also help PacifiCorp meet the financial challenges associated with the rapidly changing utility landscape and is a critical part of the company's plan to stabilize its financial position and build investor confidence.

I. Purchase Price and The Terms for Payment (Rule 3.6(d))

As discussed above in Section I, the base purchase price at the time of signing, subject to relevant adjustment, is \$1.9 billion. In addition to the base purchase price, Gem will pay additional cash consideration for the accounts receivable and regulatory assets (net of deposits) set forth in Schedule 1.1-RA to the Agreement at closing, to the extent that the value of such accounts receivable exceeds the amount of accounts receivable and accounts payable assumed to be in the normalized net working capital. The base purchase price and such additional cash consideration constitute the purchase price.

J. Asset Purchase and Service Area Transfer Agreement and Other Agreements (Rule 3.6(f))

A copy of the Agreement is included as Appendix A, with the Form of Transition Services Agreement attached as Exhibit B to the Agreement.

VI. COMPLIANCE WITH OTHER REGULATORY BODIES

As discussed above in Section I, PacifiCorp, Gem, and Portland General are seeking all other approvals necessary to complete the Service Area Transfer.

VII. APPENDICES

In addition to the testimony supporting this application, PacifiCorp has included the following appendices:

- A. Highly Confidential Asset Purchase and Service Area Transfer Agreement
- B. Annual Report on Form 10-K, for the Period Ending December 31, 2025
- C. Summary of earnings for the 12-month period ending December 31, 2024
- D. Proposed Preliminary Statement C for the Washington Asset Transfer Memorandum Account (WATMA)

VIII. DESCRIPTION OF SUPPORTING TESTIMONY

This application is supported by testimony from the following witnesses:

- **PAC/100 - Ryan L. Flynn**, President of Pacific Power, provides an overview of PacifiCorp, including its utility service in California and Washington, briefly describes the Service Area Transfer, and explains why PacifiCorp seeks to sell certain Washington-based assets and transfer its Washington service area to Gem.
- **PAC/200 - Rick T. Link**, Senior Vice President of Regulation and Planning, provides detailed information on the asset sale and Service Area Transfer, explains how the asset sale is consistent with the public interest, and discusses key aspects of the transaction documents.
- **PAC/300 - Nikki L. Kobliha**, Senior Vice President of Finance, provides PacifiCorp's financial information relevant to the asset sale and Service Area Transfer and discusses the calculation of the regulatory gain attributable to the goodwill value of the business, the proposed assignment of goodwill value to customers, and the calculation of customer rate credits.

- **PAC/400 - Michael G. Wilding**, Vice President of Energy Supply Management (ESM), explains how PacifiCorp and Gem will transition service in Washington, and demonstrates that the asset sale and Service Area Transfer does not harm resource adequacy and reliability for California customers.
- **PAC/500 - Ramon J. Mitchell**, Managing Director of ESM Finance and Net Power Costs (NPC), presents PacifiCorp's forecast NPC incorporating the asset sale and Service Area Transfer.
- **PAC/600 - Shelley E. McCoy**, Director of Revenue Requirement, presents PacifiCorp's revenue requirement incorporating the Service Area Transfer, and addresses cost allocation issues.

IX. CONCLUSION

For the reasons set forth in this application and accompanying testimony and attachments, PacifiCorp respectfully requests that the Commission issue an order in accordance with Section 851 approving PacifiCorp's sale of certain Washington-based generation and transmission assets to Gem as part of the Service Area Transfer on or before September 30, 2026, and the establishment of a Washington Asset Transfer Memorandum Account.

Respectfully submitted this 7th day of April 2026.

DOWNEY BRAND, LLP

/s/ Michael B. Day

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Attorneys for PacificCorp

VERIFICATION

I am an officer of PacifiCorp, a corporation, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 7, 2026, at Portland, Oregon.

By



Ryan Flynn
President, Pacific Power
On Behalf of PacifiCorp

ATTACHMENT A
REQUEST FOR EXPEDITED SCHEDULE

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of PacifiCorp, d/b/a Pacific Power (U 901 E) for Approval of Sale of Washington-Based Assets and Establishment of a Washington Asset Transfer Memorandum Account.

Application 26-04-_____
(Filed April 7, 2026)

REQUEST OF PACIFICORP (U 901 E) FOR EXPEDITED SCHEDULE

Pursuant to Rule 2.9 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, PacifiCorp d/b/a Pacific Power (PacifiCorp or the company) respectfully requests that the Commission adopt an expedited schedule for the above-captioned application to resolve a financial issue and to avoid harm to ratepayers. Specifically, PacifiCorp asks that the Commission issue a decision on or before September 30, 2026, to authorize PacifiCorp to sell select Washington-based generation and transmission assets to Gem Sub LLC (Gem),¹⁴ a Washington operating affiliate of Portland General Electric Company, who will also purchase PacifiCorp’s service area and certain Washington-based distribution assets (Service Area Transfer). The Service Area Transfer is expected to close in March 2027. Rule 2.9(c) provides that the Commission may grant a request for an expedited schedule when there is a “need to resolve a financial matter expeditiously to avoid ratepayer harm.” As discussed below, it is important that the Service Area Transfer proceed in a timely manner so that PacifiCorp’s customers, communities, employees, and shareholders can obtain the benefits of the Service Area Transfer and are not disadvantaged by uncertainty during the pendency of the application. An expedited schedule is necessary to mitigate this uncertainty and protect ratepayers. For that

¹⁴ As mentioned in the application, Gem is jointly owned by Portland General Electric Company and a minority partner, Manulife Infrastructure Fund III, L.P. and its affiliates including John Hancock Life Insurance Company (USA).

reason, an expedited schedule serves the public interest.

The Service Area Transfer will help PacifiCorp manage its risk and improve its financial position. PacifiCorp currently operates a system serving two million customers across six states.¹⁵ Operating and planning for six states can be particularly challenging given each states' unique energy policies.¹⁶ In addition, on November 10, 2025, S&P Global downgraded PacifiCorp's credit rating from BBB to BBB-, the lowest credit rating level that is still considered investment grade. More recently, S&P Global placed PacifiCorp on Negative Outlook, and Moody's revised its outlook of PacifiCorp from stable to negative. Due to the recent credit rating downgrade, the company's cost of debt has increased while its access to capital has decreased. This has impacted PacifiCorp's near-term ability to make the capital investments that are necessary to reliably operate its system.

The Commission has recognized that a financially viable utility is necessary to provide safe and reliable service and reduce costs to ratepayers.¹⁷ The Service Area Transfer benefits PacifiCorp's California customers because the sale of the select Washington-based transmission and generation assets will help PacifiCorp stabilize its financial condition and streamline its business operations, planning, and financing strategy. While the Service Area Transfer will provide PacifiCorp with critically needed capital to support utility operations, it will also eliminate losses the company incurs from Washington state regulatory compliance costs that it has been unable to recover from non-Washington customers. Both of these results will help rebuild investor confidence in PacifiCorp. Because the Service Area Transfer's closing is

¹⁵ PacifiCorp currently operates in California, Idaho, Oregon, Utah, Washington, and Wyoming.

¹⁶ On page 6 of the application, PacifiCorp provides an example of the challenges of recovering Washington state Climate Commitment Act compliance costs from non-Washington states for its Chehalis Combined Cycle Gas Turbine Power Plant.

¹⁷ See D.19-06-027, Finding of Fact 4, p. 53.

contingent on regulatory approvals from each state PacifiCorp operates in, any delay in this proceeding may jeopardize PacifiCorp's ability to complete the Service Area Transfer by the March 2027 closing date. Any such delay would negatively impact the company's broader strategy to return to financial health.

For the reasons described above, PacifiCorp respectfully requests that the Assigned Commissioner determine that this application merits an expedited schedule and adopt a schedule for the proceeding, pursuant to Rule 2.9, whereby the Assigned Commissioner or Administrative Law Judge shall "notice a prehearing conference no later than 20 days from the date of preliminary categorization of the proceeding under Rule 7.1(a), and hold a prehearing conference no later than 30 days from the date of preliminary categorization."¹⁸ PacifiCorp requests that the Commission issue a decision on the merits of the application on or before September 30, 2026, in order to allow PacifiCorp's sale of its Washington service area and select Washington-based assets to Gem, to close around or before March 1, 2027.

¹⁸ Commission Rule 2.9 (d).

